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To the original petition filed, defendant brought a motion to strike out certain paragraphs thereof. After hearing on this motion the Court of Claims ordered appellant to file a copy of the instrument under which title in the Armstrong patents is claimed. In compliance with this court order appellant filed an amended petition and appended to it, as Appendix A, what purported to be an agreement between E. W. Bliss Company and Armstrong & Company. To this amended petition defendant demurred and filed a motion to dismiss the same. The court sustained the demurrer and motion to dismiss and dismissed the petition, from which ruling appellant takes this appeal. No testimony was taken by either party and the Court of Claims heard the case on amended petition, demurrer, and motion.

## THE CONTENTIONS OF THE PARTIES.

Appellant contends that the allegations of the amended petition show a contract between appellant and the United States for the purchase of superheaters from Whitehead & Company of England; that appellant, as assignee under the Armstrong patents, had the right to make such a contract, as well as to bring suit for infringement; that defendant broke the contract; and that defendant infringed the Armstrong patents in which appellant claims to have such title as to enable it to sue for infringement. Defendant contends on the other hand that it is impossible to find in the petition allegations sufficient for an action in contract; that appellant had no right to make such a contract; that there

was no contract; and further, that appellant is, at best, merely a licensee under the Armstrong patents, and therefore has no right to sue for infringement.

According to the allegations of the petition, appellant is a corporation of the United States engaged in the manufacture of Bliss-Leavitt torpedoes; Armstrong, Whitworth & Company (which is referred to as Armstrong & Company throughout the case) is an English company which owns the Armstrong patents in suit, which patents are referred to by appellant as Sodeau patents; Whitehead & Company is an English company engaged in the manufacture of "Whitehead" torpedoes.

Defendant purchased 410 torpedoes containing superheaters from Whitehead & Company of England. Defendant also manufactured 100 torpedoes containing superheaters. Appellant claims that defendant purchased 50 of the 410 torpedoes from Whitehead & Company under a contract for said purchase with appellant and has failed to pay to appellant the royalties contemplated by the contract; and that the use of the remaining 460 torpedoes was an infringement of the Armstrong patents "owned" by appellant. For this alleged breach of contract and infringement appellant seeks recovery.

## THE PETITION SHOWS THAT APPELLANT POSSESSES NO INTEREST IN THE ARMSTRONG PATENTS.

It is alleged that appellant acquired the rights of an assignee in the *eight* Armstrong patents recited in the petition, but it is clear that appellant acquired *no* rights in said patents.

The agreement by which Armstrong & Company is alleged to have vested said rights in appellant is made a part of the amended petition and recites (pp. 15 and 16) that:

> 1. Whereas the Armstrong Co. are the sole owners of *an invention* provisionally protected in England by a specification No. 25003 deposited on the 17th day of November, 1904, for "Improvements in or relating to a method and means for increasing the work obtainable from a charge of compressed air more particularly applicable to the propulsion of torpedoes and the like"; and whereas the Armstrong Co. proposes to apply for *a* patent in the United States of America covering the same subject matter and desires to grant to the Bliss Co. an exclusive license to use the *said inventions* in connection with the Bliss-Leavitt torpedo manufactured by the Bliss Co. upon the terms and for the purposes hereinafter expressed, and the Bliss Co. desires to acquire such license,
>
> It is agreed as follows:
>
> 2. The Armstrong Co. hereby grants unto the Bliss Co. and their assigns the sole and exclusive license and authority to use and exercise the said inventions under *the said Letters Patent* for the whole period of the term to be granted by the said Letters Patent and any extension of the said term in the manufacture of apparatus for heating compressed air for the purpose of propelling Bliss-Leavitt torpedoes wherever sold by the

Bliss Co., and Whitehead torpedoes sold only to the United States Government. [Italics ours.]

The agreement merely states that Armstrong & Co. owns a British patent protecting *an invention*, and that the Armstrong Co. proposes to apply for *a* United States patent covering the same subject matter and desires to grant to the Bliss Company an exclusive license to use *said inventions* (the words *invention* and *inventions* are obviously interchangeably used). No United States patents are identified in the agreement, as none were in existence when the agreement was made.

The granting clause of the agreement quoted gives the license to the Bliss Company in "*said Letters Patent,*" and this must be construed to mean the proposed United States *patent* referred to in the preceding paragraph of the agreement if the expression is to have any meaning at all; but appellant claims that this agreement vests in it such title to the *eight* Armstrong patents recited in the petition as to enable it to maintain an action for infringement.

The point is that no United States patents are identified in the agreement and only *one* is referred to. How appellant can possibly claim that the *eight* Armstrong patents are *a* United States patent referred to in the agreement is beyond comprehension. Therefore, from the agreement it appears that the Bliss Company has no interest in the *eight* Armstrong patents.

Appellant alleges in the amended petition (p. 3):

> (b) That said instrument (Appendix A—insert ours) was entered into in contemplation of an application for patent in the United States covering the same subject matter, and in due course two such applications for patent were filed and the following Letters Patent granted thereon to said Armstrong Company as the assignee of said William H. Sodeau (assignments thereof having been duly recorded in the United States Patent Office), namely:
>
> No. 827,891, granted August 7, 1906, and No. 828,432, granted August 14, 1906;
>
> and that said Armstrong Company, upon the grant of said Letters Patent, notified petitioner thereof, and that said Letters Patent were for the same invention set forth in said English Specification No. 25,003 of the 17th of November, 1904.
>
> (d) That the effect of said written instrument was to grant unto petitioner and its assigns the sole and exclusive license and authority to make, use, and vend the inventions of said Letters Patent Nos. 827891 and 828432 for the whole period of the terms thereof, in the manufacture of apparatus for heating compressed air for the purpose of propelling Bliss-Leavitt torpedoes wherever sold by petitioner, and Whitehead torpedoes sold only to the United States Government.

These are mere conclusions by appellant and they rather weaken than strengthen its case, for in these very averments it alleges that the instrument contemplated *an application* and that subsequently

*two applications* were filed on both of which patents issued, and that these *two* patents are *a* patent referred to in the agreement. Appellant then assumes the position that because (in its opinion) the six subsequent Armstrong patents were improvements on the Leavitt patents, these *six patents* are also part of *a patent* referred to in the agreement.

This view, even as expressed by appellant, tends to show that appellant has *no interest* in the eight Armstrong patents.

If appellant acquired any interest whatever in these eight patents in suit, and it was a mere limited license (as will be fully discussed hereinafter), and as such licensee appellant has insufficient title either to sue for infringement or enter into a contract for the payment of royalties.

Regardless, however, of the insufficiency of appellant's title and its consequent inability to sue or contract under the patents, it is clear upon the allegations that no contract between appellant and the United States existed.

**THERE WAS NO CONTRACT AS TO THE FIRST FIFTY SUPERHEATERS PURCHASED FROM WHITEHEAD COMPANY FOR THERE WAS NO MEETING OF THE MINDS.**

The events (Amd. Pet., par. 9) recited as leading up to the purchase of the first *fifty* torpedoes containing the superheaters from Whitehead & Company clearly show that there was no contract for the payment of "royalty" by defendant to appellant. The petition shows that defendant was endeavoring to obtain torpedoes and that it was aware of the fact

that appellant owned certain torpedo patents. Knowing this defendant simply requested appellant to furnish a list of its patents covering the Bliss-Leavitt torpedoes, nothing being said as to any superheaters. Defendant alleges (Amd. Pet., par. 9):

> That on or about October 18, 1906, the defendant through its Bureau of Ordnance of the Navy Department, in written communications, bearing said date, requested a list of petitioner's patents covering the *Bliss-Leavitt* torpedo and the amount of royalty which petitioner would charge defendant for the use thereof. That on or about November 24, 1906, petitioner furnished such list in writing *which included said superheater patents.*

This was merely an attempt by defendant to forestall patent disputes arising from defendant's acts, by inquiring in advance as to what patents appellant might own. Obviously no contract was created by this attempt—a mere inquiry—as said by the Supreme Court in *Russel* v. *United States* (182 U. S. 516) viz:

> The prudence which takes a bond against a claim can not be said to constitute or raise a contract in favor of the claim—can not be said to have *intended* to create the liability which was meant to be forestalled (p. 535). (Italics ours.)

It is alleged that this list was furnished and included some superheater patents. (Amd. Pet., par. 9.) Furthermore appellant alleges:

> That subsequently, and on or about June 14, 1907, defendant, by telegraph, requested permission of petitioner to purchase a limited

> number of torpedoes from Whitehead & Company, an English corporation, *containing said superheater inventions.*

From the succeeding allegations it appears (Amd. Pet., par. 9) that after this request and appellant's reply that it "desired to render every assistance to the Government on a proper business basis," a conference took place between Admiral Mason of the Bureau of Ordnance, Navy Department, representing the defendant, and officers of appellant company. Appellant alleges that at this conference—

> * * * it was agreed between them that the Government might purchase not more than 100 torpedoes from Whitehead & Company, the amount of the royalty for the use therein of said superheater inventions to be later settled and agreed upon by the defendant and petitioner. (Amd. Pet., par. 9.)

This allegation shows that there was no agreement as to the payment of royalty by defendant to appellant and that the whole question of whether or not defendant would pay any royalty to appellant was left open. The later decision of defendant not to pay any royalty to appellant is not inconsistent with the allegation, clearly showing, on the other hand, that no contract came into existence at the time the conference referred to took place.

About November 9, 1907, appellant alleges that defendant, by letter from its Bureau of Ordnance, stated to appellant that "The bureau desires to take the subject of royalties under consideration for final settlement and requests that the company will submit

proposals * * *." Then on November 25, 1907, it is alleged that appellant stated, by letter, that:

> Referring to your letter of November 9th, in regard to royalties on Bliss-Leavitt torpedo, and in confirmation of verbal proposition made by the officers of this company to you at Sag Harbor a few days ago, beg to state that we consider the following royalties and prices to be fair. * * * (3) Royalty to be paid by the Government for the manufacture of superheaters for installation in Whitehead or other type of torpedo, five hundred dollars ($500.00). (4) Price to be paid for superheaters manufactured by E. W. Bliss Company and installed by the Government in Whitehead or other type of torpedoes, six hundred fifty dollars ($650.00). (Amd. Pet., p. 9.)

This proposal, it is alleged, was then considered by the Torpedo Board of the United States Government on December 3, 1907, and appellant was heard at that time by the board, but no decision by the board was given, nor was *any* written or oral agreement made as to the payment of any royalty.

Appellant alleges that subsequent to June 1, 1908—after the hearing before the Torepedo Board—50 torpedoes containing the superheater inventions "were brought into the United States," having been purchased by defendant from Whitehead & Company of England. Subsequently and at divers times defendant purchased torpedoes, containing superheaters, from appellant and paid for them at the rate of $650

each. *These were complete and independent transactions, entirely outside of any patent rights* (*Bauer & Cie* v. *O'Donnell*, 229 U. S. 1) *and have absolutely no bearing on the present case.* They are irrelevant facts sandwiched into the petition apparently to becloud the issue. It seems, granting *arguendo* the allegations of the petition, that *there was an offer* to permit defendant to install superheaters in Whitehead torpedoes at $500 each, leaving out of consideration whether or not appellant had any right to give said permission. This offer, after being made, was discussed by appellant and defendant in the manner above set forth, the former attempting, after the offer was made, to show that it was not unreasonable in spite of the fact that for $150 more than the so-called "royalty" appellant manufactured and delivered the superheaters to defendant. *The offer was not accepted.* It appears that there was a mere general discussion concerning "royalties" and appellant has not set forth a single fact in its petition which will permit the inference to be drawn that there was a "meeting of the minds" as to the payment of *any* "royalty." Defendant merely stated, in effect, that it wished to purchase a limited number of torpedoes from Whitehead & Company and appellant stated that it "*might*" purchase not more than one hundred. It does not appear from the use of this term "*might*" as appellant alleges it to have been used in the negotiations, whether it had reference to an event which possibly would happen, or whether

it is intended as a granting term. The ordinary interpretation would be that it defines an event which may or may not happen at some future time. The following section taken from the petition is significant (Amd. Pet. pp. 10, 11):

> Defendant repeated its request of December 20, 1910, for a reduction of the five hundred dollars ($500.00) royalty * * * and petitioner has never consented to the use of said patented inventions or said patented improvements thereon or any of them by defendant without payment of said royalty of five hundred dollars ($500.00) each.

Appellant shows conclusively by this allegation that at no time had the offer been accepted; that defendant was still negotiating; that there was no "meeting of minds," and that there was, therefore, no contract such as would entitle appellant to maintain his suit in the Court of Claims. As stated in *Russell* v. *United States, supra*, at page 530:

> This court has held that under the act of March 3, 1887, 24 Stat. 505, c. 359, defining claims of which the Court of Claims had jurisdiction, the court had no jurisdiction of demands against the United States founded on torts. *Schillinger* v. *United States*, 155 U. S. 163; *United States* v. *Berdan Fire-Arms Co.*, 156 U. S. 552. In other words, to give the Court of Claims jurisdiction the demand sued on must be founded on a convention between the parties—a coming together of minds.

THERE WAS NO CONTRACT AS TO THE 360 TORPEDOES SUBSEQUENTLY PURCHASED.

In paragraph 10 of the amended petition appellant avers:

> 10. That in addition to the 50 torpedoes purchased by defendant from Whitehead & Company, as set forth in the preceding paragraph of this petition, defendant has purchased from the same company other torpedoes containing some or all of said patented superheater inventions and improvements, namely, 130 torpedoes on or about July 7, 1908; 180 torpedoes on or about March 29, 1911; and 50 torpedoes on or about October 25, 1911.

The allegation (Amd. Pet., par. 9) that the royalty of $500 was agreed upon as to the 50 torpedoes containing superheaters, does not extend to the 360 torpedoes mentioned in paragraph 10. From the allegation of the petition it appears that defendant bought the 360 torpedoes from Whitehead & Company (Amd. Pet. par. 10), and that Whitehead & Company had a right to sell Whitehead torpedoes with superheaters installed therein to all but the United States Government (Amd. Pet., par. 10–a.). Defendant bought from Whitehead & Company in direct antagonism to appellant for the negotiation between appellant and defendant extended only to 100 torpedoes. (It is alleged that only 50 of this 100 were bought.) And it is not averred that defendant purchased the 360 torpedoes with appellant's consent. In fact it is to be inferred that the purchase

was made without even consulting appellant and with utter disregard for any rights which appellant might have had or might have claimed. This view is borne out by appellant's averment that it never consented to the use of the patented inventions or patented improvements thereon or any of them by defendant without payment of said royalty of $500. (Amd. Pet., par. 9.) Of course, even if the allegation be considered as including, not only the first 50 torpedoes bought, but also the 360 subsequently bought, appellant would stand in no better position with respect to the 360 than it does to the 50. Since there was no contract as to the 50, there could be no contract as to the 360. However, the negotiations extend only to the first 50 purchased.

**THERE WAS NO CONTRACT AS TO THE 100 TORPEDOES MANUFACTURED BY DEFENDANT.**

Appellant was not consulted when defendant made the 100 torpedoes with superheaters therein. They were made regardless of any right which appellant might have had. Clearly there was no contract as to the 100 torpedoes manufactured by defendant nor is it even averred by appellant that there was any. Appellant merely avers (Amd. Pet. p. 11):

> That in addition, defendant has made since April 15, 1913, or is engaged in making, 100 superheaters in the United States which contain said patented superheaters and said patented improvements thereon or some of them.

There is no averment of any contractual relation.

**CASES CITED BY APPELLANT TO SUPPORT ITS CONTENTION THAT CONTRACT EXISTED ARE DISTINGUISHABLE FROM CASE ON APPEAL.**

Appellant (brief, p. 16) cites four cases in support of its contention that a contract existed between appellant and defendant, but the cases are not in point and are readily distinguished from the case at bar.

*United States* v. *Palmer*, 128 U. S. 262 (erroneously cited by appellant as *Palmer* v. *United States*, 128 U. S. 662).

In this case a board was appointed to consider proper equipment for infantry soldiers and to recommend the adoption of the equipment best suited. Plaintiff submitted his patented improvements to the board and the board "*recommended the adoption of said improvements by the Government for the use of the Army of the United States*" (pp. 262–263). Thereafter the Secretary of War in an order stated "*the report of the board is approved*" (p. 263). It appears that plaintiff offered the use of his invention to the Government and that there was a clear expression of acceptance by the report of the board and the order of the Secretary of War—a meeting of the minds. The case is thus distinguished from the case at bar for in the latter case the Torpedo Board (which considered appellant's offer) did not recommend the use of appellant's alleged invention nor did it express any intention to so recommend. There was no meeting of the minds. The fact that appellant in the case at bar subsequently used *some* superheaters does not bring the case within the rule of the Palmer case, for

there was no acknowledgment that the superheaters were those of appellant's alleged patents.

*McKeever* v. *United States*, 14 Ct. of Cl. 396.

In this case plaintiff submitted his invention to the Ordnance Department. The *invention was recommended by a military board* and *adopted by the Secretary of War*. Thereafter the Ordnance Department manufactured the invention. The court found a contract existed as there was an offer and an express acceptance in the adoption by the Secretary of War—a meeting of the minds. But in the case at bar there was no recommendation and there was no adoption such as occurred in the McKeever case and the cases are thus distinguishable.

*United States* v. *Berdan*, 156 U. S. 552.

The invention was submitted to the War Department and the *Chief of Ordnance informed* (p. 568) *plaintiff that the officers expected to recommend the payment for the use of any of plaintiff's patented features.* Thereafter the War Department requested the Secretary of Interior to expedite plaintiff's patent application. (This is done when the Government is particularly interested in an application.) Here, too, there was an expression of intention to pay and an acknowledgment of the invention and *of its adoption.* In the case at bar there was no expression of intention to pay, nor was there any acknowledgment that any invention owned by appellant had been or would be used.

*Societe Anciens Establissements* v. *United States*, 224 U. S. 309.

In this case there was a voluminous correspondence between the War Department and various persons interested in the invention and in a report the Chief of the Bureau of Ordnance recommended that the department investigate the DeBange patent (plaintiff's patent) and if found valid that a sum for its use be recommended to be paid. The device of the patent was used and it was acknowledged that the use was of the patented device. The court said: "The record shows that compensation was contemplated." The facts are different from those of the case at bar for there was no recommendation that any royalty be paid—not even contingent upon the validity of the patent—nor was there any acknowledgment that the invention to which appellant alleges it has title, was used. The case does not fall within the rule of the *Societe Anciens Establissements case.*

The case on appeal, therefore, is not within the rule of any one of the cases cited by appellant and discussed above, but clearly is within the rule of *Schillinger* v. *United States* (155 U. S. 163); *Harley* v. *United States* (198 U. S. 229); *Russell* v. *United States* (112 U. S. 516) (also cited by appellant, p. 16, brief), for the use of the superheater by defendant was with total disregard for any rights appellant may have had in the patents in suit or any other patents. The Government was clearly hostile to the claims of appellant. The torpedo board did not recommend the adoption of any device in which appellant had any interest. There was no acknowledgment that the device alleged to have been used by defendant was the device covered by patents to which appellant alleges to have title.

**APPELLANT BASES ITS SUIT ON THE ARMSTRONG PATENTS AND NOT ON THE LEAVITT PATENTS.**

The averments of the petition show that appellant bases its claim upon the Armstrong patents which are alleged to cover the superheaters of the type included in the Whitehead torpedoes purchased or made by defendant. The Court of Claims properly said (p. 18, Trans. of Rec.):

> We shall assume that the plaintiff intends to claim that the Government is liable in contract or for infringement because of its purchase or manufacture or use of the device covered by the Armstrong patents or the improvements thereon, and for brevity we call the device "superheaters."

and further (p. 24, Trans. of Rec.):

> But the claim here is for superheaters in Whitehead torpedoes.

Two Leavitt patents, Nos. 693,871 and 693,872, are recited in paragraph 4 of the amended petition, and it is alleged that appellant acquired (par. 3 Amd. Pet.) title to these patents and that these patents cover "superheaters." These allegations are made in connection with the allegation that the Armstrong superheaters are improvements on the Leavitt superheaters and have no relation to any other allegations of the petition. No claim is made for any use under or infringement of the Leavitt patents. The claim is that defendant is liable in contract or for infringement because of its purchase or manufacture or use of the device *covered by the Armstrong patents.* The ownership of the Leavitt

patents can not affect in any way the question as to whether or not defendant is liable on contract. So far as the alleged contract is concerned the crucial question is whether the allegations show a meeting of the minds. That there was no meeting of the minds has been conclusively shown in the preceding part of this brief.

**THE INSTRUMENT WHEREUNDER APPELLANT CLAIMS TITLE IN THE ARMSTRONG PATENTS IS, IF ANY, A MERE LIMITED LICENSE.**

Appellant contends that it is an assignee under the Armstrong patents, but this is not a fact; it is, at best, a licensee, and it is not conceded that appellant has even so much as a licensee's interest in the Armstrong patents. If appellant has any interest in these patents it is derived from the agreement, Appendix A, and it is submitted that this agreement could be no more than a license and one, moreover, of a very limited scope. This is shown by:

(1) Its description as "Agreement."

(2) The intent as expressed in clause one, viz:

> * * * the Armstrong Co. * * * desires to grant to the Bliss Co. an exclusive *license* to use the said inventions in connection with the Bliss-Leavitt torpedo manufactured by the Bliss Co. upon the terms and for the purposes hereinafter expressed, and the Bliss Co. desires to acquire such *license*.

(3) The granting clause (clause 2):

> 2. The Armstrong Co. hereby grants unto the Bliss Co. and their assigns the *sole and exclusive license* and authority to *use and*

> *exercise* the said inventions under the said Letters Patent for the whole period of the term * * * in the manufacture of apparatus for heating compressed air for the purpose of propelling Bliss-Leavitt torpedoes wherever sold by Bliss Co., and Whitehead torpedoes sold *only* to the United States Government. [Defendant's italics.]

(4) The constantly recurring references in the instrument itself to the grant of a *license*.

(5) The provision that all fees, costs, and expenses of "maintenance and protection of any patent * * * obtained or to be obtained under these presents shall be paid and borne by the Armstrong Co."—the owner and grantor. (Clause 3.)

(6) The provision of clause 11 (Appendix A) that in case of infringement of the patent—

> * * * the Armstrong Co. shall forthwith, after notice of such infringement, *at their own cost, take all necessary proceedings for effectually protecting and defending the same.* (Italics ours.)

and in case of their default in so doing the Bliss Co. may, upon notice, determine the agreement.

Referring to point (3) above, the granting clause, it is noted that far from granting the monopoly secured by the patents, it is obvious that this instrument grants no rights whatever *in the patents*, but merely grants a right to "use and exercise" the *invention*. The distinction between a right to the monopoly secured by the patent (the right to prohibit others) which puts the grantee or assignee upon equal

footing in the patent with the patent owner, and a mere right to use or sell articles embodying the invention, expresses the fundamental difference between an assignee and a licensee, as is well explained in Robinson on Patents. (Vol. II, secs. 753–759, pp. 508–515.)

Furthermore, even the use of the inventions so conveyed is limited to (a) "the purpose of propelling *Bliss-Leavitt torpedoes.*" (b) *Whitehead torpedoes,* and (c) Whitehead torpedoes sold *only* to the United States Government. In other words, the right given to use the invention is itself *restricted to use in two particular kinds of torpedoes* and no right is given to use the inventions in torpedoes generally. By such license *the patent owners* have reserved to themselves (in that they have not granted) all rights to use the inventions of the Armstrong patents (so far as these patents may be held to be included in this instrument) in *all other makes of torpedoes* than the particular ones specified.

And in addition to being limited to particular types of torpedoes the grant is still further limited, so far as the present suit is concerned, to a right to sell the superheaters in Whitehead torpedoes "*only* to the United States Government." That is to say, the grant is limited under this instrument to the use of the patented superheaters in Whitehead torpedoes sold *only* to the United States Government. (It will be remembered that the torpedoes sought to be recovered upon are Whitehead torpedoes.)

Obviously, these limited rights thus granted are far short of being the whole or an undivided part of

the monopoly of the patent. Appendix A could be, therefore, merely a grant of rights for a restricted use and sale of the invention; i. e., a mere license.

Taking into consideration all of the above alleged facts it is quite clear that Appendix A was effective, if at all, to grant to appellant a mere *license or right to use the invention in a particular and limited manner and to restrict its sale in Whitehead torpedoes to the one customer—the United States Government*, far from being an assignment giving the plaintiff a right itself to grant licenses to others or to sue upon any patents referred to in the instrument. The instrument itself distinctly stipulates that whatever infringement suit be brought it shall be brought by Armstrong Company, the owner of the patent, which company also is to pay all costs, expenses, etc., for the "maintenance and protection of any patent" referred to in the instrument.

By section 4884, Revised Statutes, the right granted by a United States patent is a grant—

> of the exclusive right to make use and vend the invention or discovery throughout the United States and the territories thereof.

While these rights are each distinct and substantive rights (*Bauer* v. *O'Donnell*, 229 U. S. 1, 15), the monopoly granted is singular and indivisible (*Pope Mfg. Co.* v. *Gormully Mfg. Co.*, 144 U. S. 248; *Gaylor* v. *Wilder*, 10 How. 477); that is, in order to be an assignment enabling the assignee to sue in his own name, the monopoly of all these three substantive rights must be fully conveyed.

But the instrument, Appendix A, purports merely to grant the exclusive license and authority to make and exercise the invention, and assuming that this expression "make and exercise" includes the right to sell, it is clear that the right is limited to the sale of superheaters in Whitehead torpedoes *only to the United States Government.*

**An exclusive license is not an assignment.**

It is true that clause 2 of Appendix A employs the term "sole and exclusive *license,*" but it is equally true that it is exclusive only so far as the *rights of the grant* are concerned. In other words, it means that the licensor agreed not to grant the same rights to anyone else. It does not affect in any way the title to the patent which is retained by the licensor and does not prevent him from granting other licenses in so far as they are not inconsistent with the license already granted. The law is well settled that an exclusive license is not an assignment, and is well stated in *Hayward* v. *Andrews,* 106 U. S. 672, 674; *Mitchell* v. *Hawley,* 83 U. S.; 16 Wall 544; *Brush El. Co.* v. *California,* etc., 52 Fed. Rep. 945, 959, C. C. A.

As stated in Walker on Patents (p. 356, par. 296):

> It is a license, if it does not convey the entire and unqualified monopoly, or an undivided interest therein, throughout the particular territory to which it refers.

See also *Glover Sanford et al.* v. *Matthew Messer et al.*, 1 Holmes 149, 1872; *Wade H. Hill et al.*, v. *G. Henry Whitcomb*, 1 Holmes, 317, 1874; *Waterman* v. *Mackenzie*, 138 U. S. 252.

Robinson on Patents, referring to a license, in Vol. II, page 520, states:

> But if it leaves in the alienor any exclusive right whatever in the invention, or if the rights conferred upon the alienee are not exclusive rights vested in him alone or in him jointly with his alienor, the monopoly is not transferred and the conveyance is a license.

See also *Gamewell Fire Alarm Telegraph Co.* v. *City of Brooklyn* (1882), 14 Fed. Rep. 255.

**A LICENSEE CAN NOT SUBLICENSE OTHERS UNLESS THE RIGHT IS EXPRESSLY GRANTED.**

Appellant sold nothing to defendant, for none of defendant's superheaters was made by appellant; appellant attempted to grant defendant the right to buy superheaters or to make the same. This was obviously an attempt to sublicense defendant—something appellant had no power to do. The law is well settled that a licensee has no right to sublicense even when the license is assignable and is very tersely stated in *Brush El. Co.* v. *California, etc., supra* (wherein Mr. Justice McKenna was then sitting at circuit), as follows, page 964:

> Unless there is a manifest intent in the contract of license that the licensee is to have the power to divide up his license into parts, and assign such parts in severalty, *no such right*

> *exists.* Walk. Pat. 310. As a general rule, it may be said that a license is not divisible. * * * Considering this, I think the term "assigns," as used in the license under consideration in this case, must be construed as the right to assign the license as an entirety, *and not in parts* (citing *Brooks* v. *Byam*, 2 Story, 525). (Italics ours.)

If appellant acquired anything under the agreement, Appendix A, it was a *very limited license* which did not include the right to sublicense and which only extended so far as permitting it to sell superheaters in Whitehead torpedoes to the United States Government alone: a restriction of the *sale to one purchaser.*

**LICENSEE CAN NOT MAINTAIN AN ACTION FOR INFRINGEMENT.**

A suit for infringement contemplates the encroaching by one upon the patent rights secured to another. But a licensee has no offensive right in the patent but rather a defensive right not to be sued by the licensor. Logically, therefore, having no "patent rights" he has no right on which to base his suit. It is well settled that a licensee can not sue for infringement. Section 4919, Revised Statutes, *Gaylor et al* v. *Wilder*, 10 Howard 476; *Waterman* v. *Mackenzie*, 138 U. S. 252; *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 248; *Birdsell* v. *Sahliol*, 112 U. S. 485; *Paper Bag cases*, 105 U. S. 766, 771. Appellant is a licensee and has no right to sue for infringement.

**THE COURT OF CLAIMS PROPERLY REQUIRED APPELLANT TO STATE MORE DEFINITELY THE TERMS OF ANY CONTRACT RELIED UPON AND RELATING TO THE FIFTY SUPERHEATERS PURCHASED, AND WHEN SAID FIFTY SUPERHEATERS WERE PURCHASED.**

While the following matters may not be properly before this court, appellant has raised them and it is encumbent upon defendant to discuss the same.

Section 165 of the Judicial Code reads:

> When it appears to the court in any case that the facts set forth in the petition of the claimant do not furnish any ground for relief, it shall not authorize the taking of any testimony therein.

The Court of Claims found that the facts set forth in the amended petition do not furnish any ground for relief as to the 460 torpedoes with superheaters therein, and was of the opinion (p. 23, Trans. of Rec., last paragraph but one) that sufficient facts were not set forth in the amended petition to show that there was a contract even for the purchase of said 50 superheaters. Under these circumstances, the court would have been justified in refusing permission to take testimony under section 165 of the Judicial Code above quoted, and in dismissing the suit. The court however, took the more lenient course and gave appellant permission "to amend and state more definitely, as it may be advised, the terms of any contract relied upon and relating to said 50 superheaters."

Under rule 18, Rules of the Court of Claims, which reads:

> 18. If upon the face of the petition it does not appear when the claim first accrued, the court may require the claimant to make the petition definite and certain, in that regard, and in default thereof may dismiss the suit.

the Court of Claims directed appellant "to make more specific and definite its allegations as to the time of purchase by the Government of said 50 superheaters." In this connection the court very properly said (p. 24, Trans. of Rec.):

> Construing the pleading more strongly against the pleader, as we might because of its vagueness be justified in doing, the conclusion could be reached that the purchase of the 50 superheaters in question occurred long before June 1, 1908, notwithstanding the indefinite date upon which they were "brought into the territory of the United States." Suit was instituted in this court by the original petition, filed May 29, 1914, and therefore only a few days prevents the bar of the statute if it commenced to run on June 1, 1908. It did commence to run when the claim first accrued, and "a claim first accrues, within the meaning of the statute, when a suit may first be brought upon it, and from that day the six years' limitation begins to run." Rice case, 122 U. S. 611, 617.

It was clearly within the discretion of the Court of Claims to dismiss the amended petition as it did not state when the claim accrued, and it did not

show that there was a contract as to the 50 superheaters. The court, however, gave appellant the benefit of the doubt and, instead of dismissing the petition, required amendment as to the two points. The court set a definite time in which the amendment could be filed and appellant failed to amend within that time.

THE COURT OF CLAIMS' REFUSAL TO ADMIT SECOND AMENDED PETITION WAS PROPER.

When the second amended petition was finally presented (February 8, 1918)—after the expiration of the time limit set—it contained many immaterial amendments not authorized by the court, and failed to make the definite allegations for the purpose of which this amendment was authorized. The court therefore properly refused permission to file the same.

The only amendment appearing in the Second Amended Petition which bears any semblance of compliance with the order of the Court of Claims is in the averment as to the time of purchase of the 50 superheaters. This averment is, however, very indefinite and misleading, and does not show when title passed to defendant. As the right of action, if any, arose when title passed, the Statute of Limitations started to run with the passing of title. Inasmuch as this averment is indefinite in this respect, it is not, in fact, a compliance with the court order. The Statute of Limitations is jurisdictional with the Court of Claims and therefore it was necessary for the court to know whether or not any claim

which could otherwise be made was barred by the Statute.

But the vital question is whether or not the Second Amended Petition shows facts sufficient to sustain a right of action leaving out of consideration any question of dates. The Second Amended Petition contains many immaterial amendments but fails for the same reason that the Original Petition and the first Amended Petition failed; that is to say, it shows that appellant is not an assignee under the Armstrong patents, and further that there was no contract between appellant and defendant as to the Armstrong superheaters. Therefore, the Second Amended Petition is subject to demurrer on the same grounds as those urged against the Original Petition and the Amended Petition.

Rule 30 of the Rules of the Court of Claims reads:

> If a demurrer be sustained, the claimant may, by leave of court, amend his petition within such time as the court may direct; but if he decline or fail to amend, judgment will be rendered dismissing the petition.

The Court of Claims in effect sustained the demurrer to the ~~second~~ amended petition as to the 50 superheaters and required appellant to amend his petition within a definite time, and ample authority is found in this rule for such a requirement. The court also had ample authority under this rule to dismiss the petition upon the failure to file the amended petition within the time set, and this it did. In connection with the refusal of the court to admit the second

amended petition, reference is made to the transcript of record which shows that after the filing of the original petition on May 29, 1914, defendant filed a motion to strike on April 12, 1916. By permission of the court appellant filed an amended petition on March 28, 1917, to which amended petition a demurrer and motion to dismiss were filed on April 7, 1917. After hearing on this petition, demurrer and motion, the court, on December 3, 1917, handed down a well-considered opinion sustaining defendant's demurrer and motion as to all of the items of claim for compensation set up in the amended petition, except the claim involved in the purchase of 50 Whitehead torpedoes containing superheaters. The court went so far as to permit amendment even after the filing of the amended petition and after this decision, so that if appellant had any grounds on which to stand as to the 50 torpedoes and superheaters, it would be permitted to state the same before January 15, 1918. This permission was entirely within the discretion of the court and inasmuch as appellant failed to comply literally with the permission, or to file the amendment within the time set, it can not now be heard to complain that the court abused its discretion in dismissing the entire petition.

It is respectfully urged that this court will not disturb the ruling of the Court of Claims in the enforcement of its rules and orders unless there is an absolute abuse of discretion. That there was no such abuse here, can not be denied. On the other

hand, the record clearly shows that the court permitted appellant to amend the original petition and even to amend the amended petition, showing the utmost patience in this respect.

**COURT OF CLAIMS' DENIAL OF PETITION FOR REHEARING WAS PROPER.**

Appellant filed a petition for rehearing and based this petition on the second amended petition, which was not filed. The Court of Claims very properly said in its denial of the motion for permission to file the petition for rehearing (p. 25, Trans. of Rec.):

> It appearing that the within motion and argument thereon deal with a proposed amended petition which has not been filed, and no sufficient reason being given for not applying for a rehearing within the time fixed by the rules of the court, the within motion for leave to file a motion for a rehearing is overruled.

This motion was in the nature of a motion for a new trial and was not filed within the sixty days from the time the judgment of the court was announced (Rule 90, Rules of the Court of Claims). The court found that appellant showed no sufficient reason why the motion was not filed within the time fixed by the rules, and therefore denied the motion. This is also a matter entirely within the discretion of the trial court and if the court is not permitted to enforce its rules, obviously the rules will be of no value.

CONCLUSION.

It is submitted that the allegations in the petition fail to support appellant's contention that a contract existed between the Government and the appellant. The petition also shows that appellant had no such interest in the Armstrong patents as would entitle it either to contract with or to maintain a suit for infringement against the Government, appellant being at best a mere licensee under the Armstrong patents.

Respectfully submitted.

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